

# ETF Selections & Timing

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March 10, 2014 (data date through previous Friday close)

Volume 5  
Issue 10

## Plot Thickens

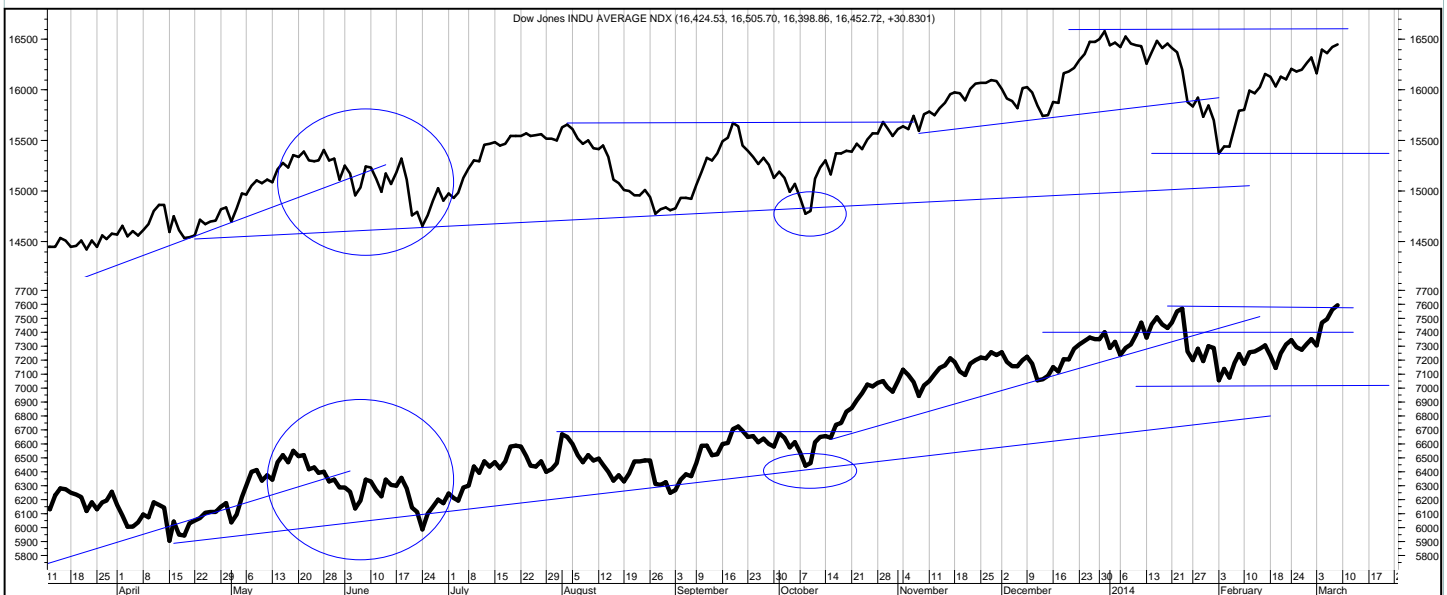
Chalk up another negative divergence that is a bit more pronounced than the previous one set about nine weeks before. The Dow Transports hit a new high on Friday, but was unaccompanied by the Dow Industrials. This remains a bearish signal.

As usual, the confirmation of this divergence, however, won't be made until both indexes close below their lows set prior to the divergence. Depending on how you measure it, this would be either the latest parallel low lines set at DJI 15,373 and DJT 7,074 (blue horizontal

lines) or the lows set at the first negative divergence at DJI 16,258 and DJT 7,362.

The alternative to this negative view is the market pulls back slightly and then charges ahead again with both indexes

*(Continued on bottom right on page 12 see REVIEW on top)*



This is the daily chart of the Dow Industrials (upper) and Dow Transports (lower)

## SCOREBOARD (returns year to date and past weeks to date)

Model	YTD	52-week	26-week	13-week	4-week	1-week
ETF Income Portfolio	0.2%	1.9%	2.6	0.3	0.2	-0.1%
ETF Growth Portfolio	1.2%	17.0%	10.8	2.2	2.3	0.5%
<b>Index</b>						
Aggrgt Bond (AGG)	1.0%	-0.3%	2.8	1.0	-0.2	-0.7%
S&P 500 TR (SPY)	2.4%	23.5%	14.5	4.6	4.7	0.9%
World Growth Index	2.3%	22.2%	14.2	4.4	5.1	0.8%

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# Income Portfolio

ACTION FOR			PORTFOLIO DETAILS			Value as of date: 2/28/2014							
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss as of 2/15	Description	Start Price	End Price	# of Shares	Current Value	Percent of Total
4-Dec	sell	AGG	106.68	537	57,277								0.0%
9-Dec	buy	AGG	106.76	537	57,340								
9-Dec	buy	PCY	26.86	2,120	56,953								
these two will move the portfolio to fully invested													
26-Dec	sell	AGG	106.39	537	57,121								0.0%
27-Jan	buy	JNK	40.57	285	11,572								0.0%
this will be about 10% of portfolio													
31-Jan	sell	PCY	26.78	2,138	57,249								
3-Mar	sell	JNK	41.25	286	11,804								
Money Market										1.00	115,277	115,277.00	100.0%
Total Valuation=												115,277.00	100.0%

## WEEKLY REVIEW

3/10 No changes.

3/3 I'll take profits in JNK.

2/24 JNK still rallying. No changes.

2/18 Increased the stop price on JNK.

2/10 No changes.

2/3 PCY stopped out. JNK may be next. Bond market getting a bit bifurcated or trifurcated.

1/27 PCY getting close to its stop level. Buy JNK as noted above.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Income Portfolio	4.8%	3.6	4.8	1.1	0.2	15.3
Aggregate Bond	6.4%	7.7	3.9	-2.2	1.0	17.6

This shows the total returns of previous years, year to date (ytd), and from inception (incptn). It also shows standard deviation (SD).

## ETF Income Database and Ranking to 8/30/13 (pending change)

<i>Fund Name</i>	<i>Symbol</i>	<i>Style</i>	<i>12m</i>	<i>9m</i>	<i>6m</i>	<i>3m</i>	<i>1m</i>	<i>V</i>	<i>NAV</i>	<i>Rank</i>
iShares 1-3yr Trsry	SHY	BS	0.03	0.03	-0.07	-0.03	-0.10	0.08	84.28	*****
Vngrd ShrtTrm Bond	BSV	BS	-0.19	-0.45	-0.60	-0.38	-0.27	0.23	79.96	*****
iShares 3-7yr Trsry	IEI	BI	-2.51	-2.67	-2.49	-1.82	-0.77	0.51	119.88	****
iShares Agg Bond	AGG	BI	-2.85	-3.32	-3.05	-2.12	-0.83	0.61	106.01	****
iShares Inter Bond	MBB	BI	-3.09	-2.81	-2.91	-1.77	-0.67	0.43	104.17	****
iShares Inter Gov	GVI	BI	-1.51	-2.04	-1.92	-1.35	-0.64	0.46	109.11	****
Wtree Dryfs Chns Yuan	CYB	BF	4.62	2.26	2.23	0.54	0.42	0.42	26.16	****
Currency Euro	FXE	BF	4.69	1.36	1.04	1.60	-0.68	1.85	130.84	***
iShares 10-20yr Trsry	TLH	BL	-8.69	-8.69	-6.33	-4.80	-0.97	1.55	123.42	**
iShares 7-10yr Trsry	IEF	BI	-6.40	-6.61	-5.56	-4.27	-1.42	1.08	100.26	**
iShares High Yld	HYG	BH	5.38	2.88	0.18	-0.17	-1.27	1.56	90.87	**
iShares Intrntl Tbond	IGOV	BW	-1.59	-3.73	-1.85	-0.50	-0.73	1.54	97.93	**
iShares Long Corp Bond	LQD	BL	-2.90	-4.84	-4.30	-3.17	-1.00	1.39	112.68	**
iShares Trsry Infltn	TIP	BI	-7.29	-8.84	-7.78	-4.71	-1.83	1.18	110.64	**
PS 1-30 Ldr Trsry	PLW	BI	-8.64	-8.31	-5.99	-4.31	-0.96	1.45	29.88	**
PS Bld America	BAB	BI	-5.98	-7.40	-8.54	-7.83	-1.41	1.59	27.14	**
PS DB Dollar Bearish	UDN	BF	-1.27	-2.51	0.04	1.65	-0.49	1.29	26.42	**
PS DB Dollar Bullish	UUP	BF	-0.49	1.23	-0.80	-1.86	0.41	1.28	22.19	**
PS DB G10 Currency	DBV	BF	-0.76	-4.00	-7.09	-6.64	-2.44	1.72	24.75	**
PS Fdmntl Hi Yield Corp	PHB	BH	3.25	1.31	-0.10	-0.99	-0.88	1.23	18.71	**
PS Insrđ CA Muni	PWZ	BI	-6.48	-9.21	-8.53	-7.65	-2.25	1.29	22.72	**
PS Insrđ NY Muni	PZT	BI	-9.02	-11.54	-10.28	-8.91	-2.61	1.51	21.68	**
PS Prfd	PGX	BF	-0.95	-2.38	-4.30	-4.81	-1.65	1.18	13.68	**
SPDR High Yield	JNK	BH	5.27	2.46	0.00	-0.75	-1.03	1.56	39.46	**
SPDR Intrntl TBond	BWX	BW	-4.13	-5.75	-2.63	-0.53	-1.15	1.48	56.79	**
Vngrđ Intrmđt Bond	BND	BI	-2.94	-3.28	-2.96	-2.12	-0.86	0.62	79.99	**
Wtree Dryfs Comđty Cur	CCX	BF	-6.19	-7.08	-8.09	-3.79	-2.15	1.55	19.55	**
Wtree Dryfs Emrg Crrncy	CEW	BF	-3.44	-5.57	-6.78	-3.77	-2.82	1.44	19.65	**
iShares 20+ yr Trsry	TLT	BL	-14.79	-13.35	-9.34	-6.72	-1.34	2.46	105.71	**
PS Emrg Mrkt Svrgn Debt	PCY	BW	-8.80	-13.37	-11.06	-7.86	-3.36	2.67	26.24	**
PS Insrđ Natl Muni	PZA	BI	-8.56	-11.75	-10.49	-9.01	-1.56	1.56	22.52	**
Wtree Dryfs Brazil Real	BZF	BF	-10.67	-7.36	-15.28	-9.16	-3.29	2.37	16.75	**
Wtree Emrg Mrkt Lcl Debt	ELD	BF	-7.81	-11.12	-12.85	-8.94	-4.35	2.09	45.45	**
Wtree Dryfs Indn Rupee	ICN	BF	-11.22	-13.71	-15.13	-13.34	-5.23	2.58	18.12	*

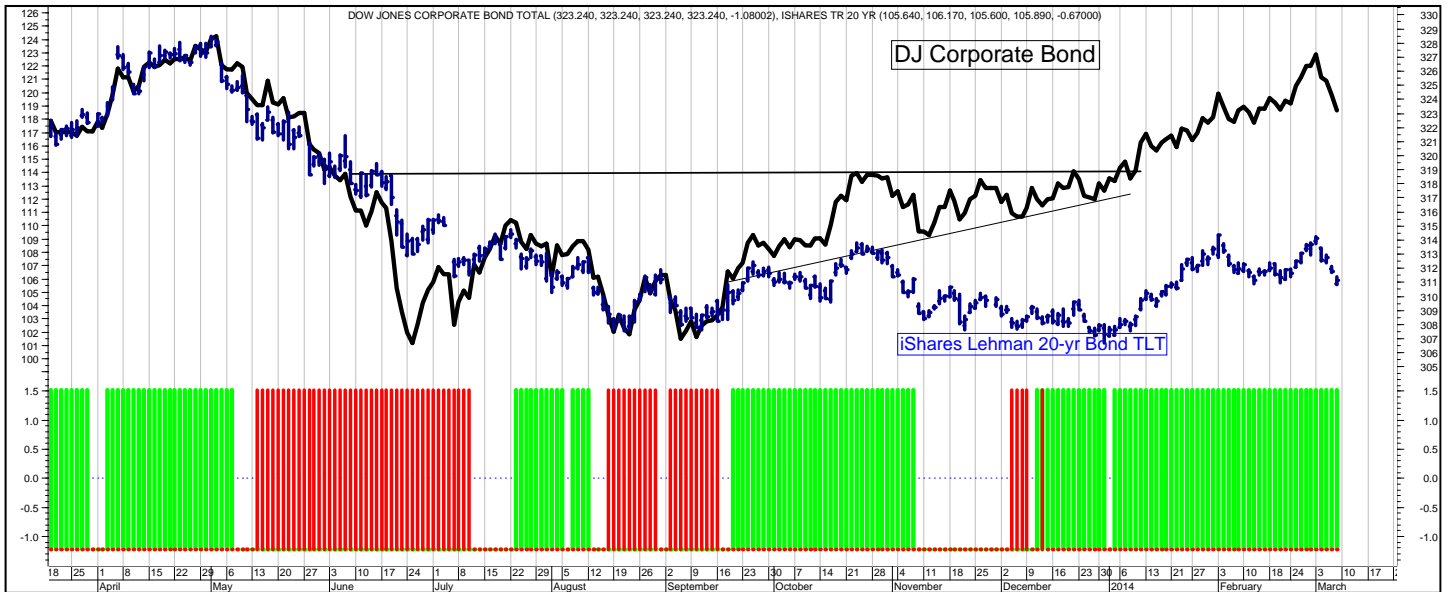
This is the ETF Income Database and Ranking. It shows performance over the last 12, 9, 6, 3, and 1 months through the previous month's end. V is Volatility. NAV is price. CS is Comet Strength (not shown). C is Comet (not shown), which is an ETF's risk-adjusted performance; the higher the better. V, CS, and C are proprietary tools. Rank column shows the number of comets.

### ETF LEGEND for pages 3 (Bond), and 7, 8, 9, and 10 (Equity):

Column headings: The first column shows the ETF name, the second column shows its symbol. The third column shows the ETF Style. The first letter is always either B (Bond) or E (Equity) or H (Hybrid). The next letter(s) is the style. So, BS-bond short, BI-bond intermediate, BL-bond long, BF-flexible, BW-world, BH-high yield. And for Equity, EA-equity aggressive, EC-equity contrary, EG-equity gold (precious metals), ESC-small cap, EMC-mid cap, ELC-large cap, EW-world, EGI-growth/income, ERE-real estate, EV-value. Columns 4-8 show percentage returns for the periods shown (12 months, 9, 6, 3, and 1 month). Column 9 is V (volatility); a measure of risk; the lower the V, the less risk. Column 10 is the NAV. Column 11 is the C (comet) ranking. C is the risk-adjusted (V) relative performance (CS). The higher the C indicates the most return for the amount of risk taken.

Generally, our ETF strategy is to own the top ranked ETFs (shown in green) and avoid or short the lower ranked ETFs (shown in red).

# SLM Bond Timing Model



The SLM Bond Timing Model is based on the expected direction of the Corporate Bond market. The green bars are bullish (expect higher prices and lower yields) and the red bars are bearish (expect lower prices and higher yields). White spaces indicate that the previous signal is still in effect.

## WEEKLY REVIEW

3/10 No changes.

3/3 The bond model is still bullish, unfortunately I'm out. Will try to find a reentry area.

2/24 No changes.

2/18 Consolidation phase. With the economy stronger than expected, even accounting for the horrific winter weather, can't see bonds rallying further.

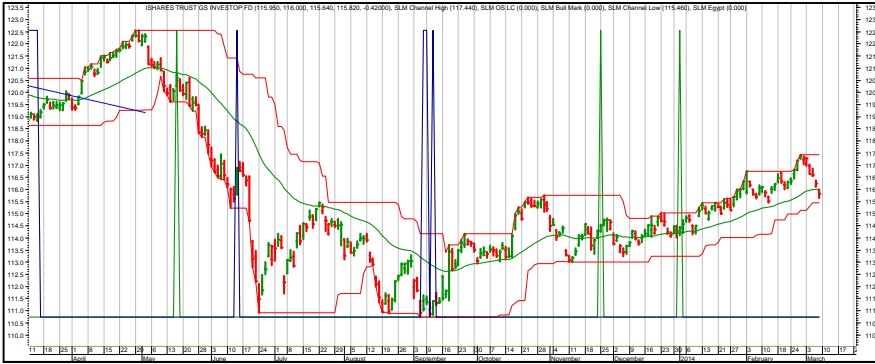
2/10 The bond market has broke its uptrend from what could be a valid breakout zone. This is drawn on the chart above by the last trend lines. Will watch for subsequent action and economic news to decide whether to buy on the pullback or continue to stand aside.

2/3 The corporate and Treasury bond markets are doing better than foreign and junk. Unfortunately, don't own any. I was expecting more weakness, rather than strength.

1/27 No changes.

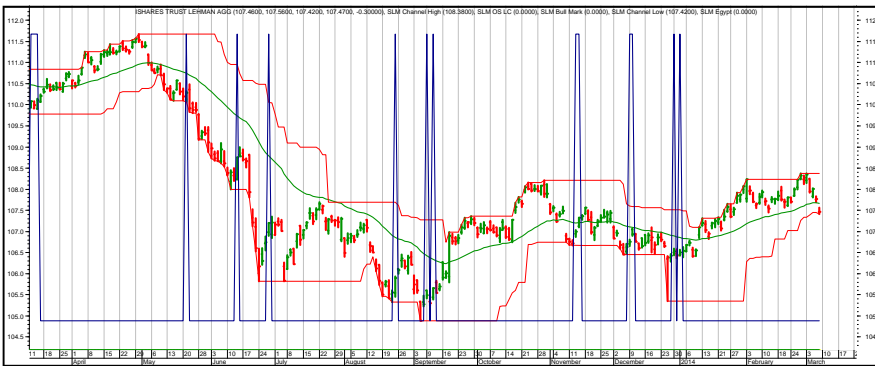
1/20 No changes.

# Income Charts (DAILY)



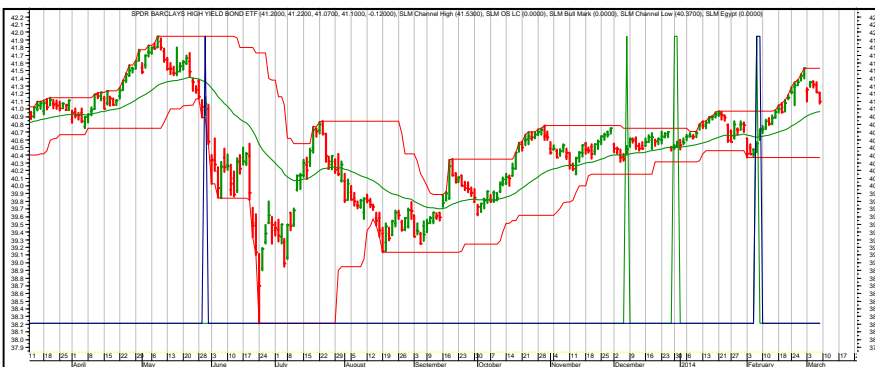
## LQD—Investment Grade Corporate

3/10 No changes.  
 3/3 No changes.  
 2/24/ No changes.  
 2/18 No changes.  
 2/10 No changes.  
 2/3 No changes.



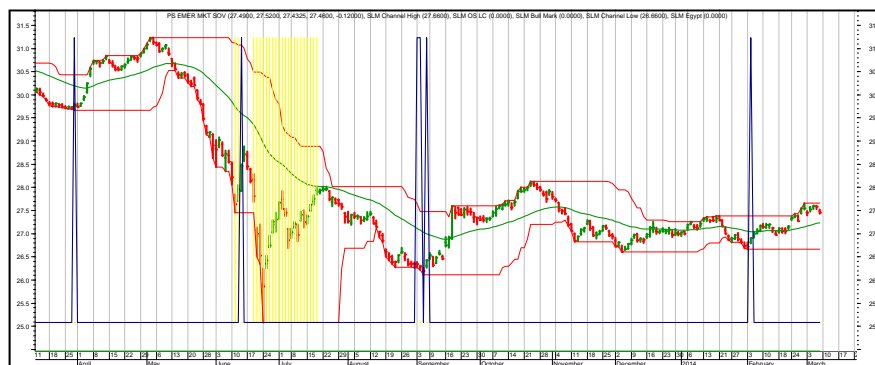
## AGG—Aggregate Bond Market

3/10 No changes.  
 3/3 No changes.  
 2/24 No changes.  
 2/18 No changes.  
 2/10 No changes.  
 2/3 No changes.



## JNK—hi-yield bonds

3/10 No changes.  
 3/3 Overextended. Will take profits.  
 2/24 No changes.  
 2/18 Since JNK is the only bond ETF notching recovery highs here of the 4 shown, I've put a very tight stop on the position. See page 2.  
 2/10 No changes.  
 2/3 No changes.



## PCY—International Bonds

3/10 No changes.  
 3/3 No changes.  
 2/24 No changes.  
 2/18 No changes.  
 2/10 The last blue spike is the 'buy' from last week's comment. I am standing aside, however.  
 2/3 Watch for PCY to go below December lows and then possible reversal.

Each chart shows daily (or weekly if noted in page title at top) prices, a moving average (smoothed green line on price portion), and blue or green spikes. The spikes show potential buy signals. The red lines are price channels. The charts do not show sell signals.

# Growth Portfolio (changed as of 12/10/12, 9/23/13)

ACTION FOR			PORTFOLIO DETAILS			Value as of date:				2/28/2014			
Action Date	Action	Symbol	Action Price	# of Shares	Action Value	Symbol	Stop Loss	Description	Start Price	Ending Price	# of Shares	Current Value	Percent of Total
13-Feb	buy	EEM	39.13	539.00	21,101	<b>World Growth</b>							
13-Feb	buy	EFA	66.28	318.00	21,087	EEM		Emrg Mrkt	39.13	39.52	539.000	21,301.28	14.8%
13-Feb	buy	IWM	113.68	185.00	21,041	EFA		Euro Asia	66.28	67.66	318.000	21,515.88	15.0%
13-Feb	buy	QQQ	89.54	235.00	21,052	IWM		Rusl 2000	113.68	119.70	185.000	22,144.50	15.4%
13-Feb	buy	SPY	182.85	115.00	21,038	QQQ		Nsdq 100	89.54	90.53	235.000	21,274.55	14.8%
13-Feb	buy	DFE	60.48	93.00	5,635	SPY		S&P 500	182.85	188.26	115.000	21,649.90	15.1%
13-Feb	buy	PXN	8.34	674.00	5,631	<b>C-lect 5</b>							
13-Feb	buy	GULF	22.09	254.00	5,621	DFE			60.48	63.19	93.000	5,876.67	4.1%
13-Feb	buy	PJP	56.88	99.00	5,641	UNG			26.12	25.60	215.000	5,504.00	3.8%
13-Feb	buy	PPA	31.71	177.00	5,623	GULF			22.09	22.26	254.000	5,654.04	3.9%
						PJP			56.88	59.06	99.000	5,846.94	4.1%
24-Feb	buy	UNG	26.12	215.00	5,626	PBE			45.05	45.95	129.000	5,927.55	4.1%
26-Feb	liquidtd	PXN	8.36	674.00	5,625	Two potential ways to sell: stop loss about 10% lower or timing model signals sell Two potential ways to buy: "lower-risk window" may open or timing model signals buy.							
3-Mar	sell	PPA	32.64	177.00	5,767	<b>C-lect Short</b>							
3-Mar	buy	PBE	45.05	129.00	5,821	(under construction)							
						this will be about 4% of ttl							
						<b>Cash from short</b>				1.00	-	-	0.0%
						<b>Money Market</b>				1.00	7,119	7,119.00	5.0%
						<b>Total Valuation=</b>					143,814.31	100.0%	

## WEEKLY REVIEW

3/10 No changes. The sell stop is about 10% away from the current portfolio value.

3/3 Make the sell and buy as noted above.

2/24 PXN will be liquidated this week and was deleted from the database. UNG is the new buy.

2/18 Moved back into positions last week as noted above. The stop is about 5% away.

2/10 The portfolio is in cash, but see page 7 for the new C-lect 5 recommendation to buy/sell. Currently the C-lect 5 timing is based on the World Growth Model timing. It is on a sell, so we are fully in cash. I may do some further testing to see if direct timing on the C-lect 5 model may provide more timely entry and exit points in order to boost profits.

	2010	2011	2012	2013	ytd 2014	Incptn
ETF Growth Portfolio	8.1%	6.9	-2.1	25.7	1.2	43.8
World Growth Index	17.2%	-4.1	15.1	30.5	2.3	72.6

The ETF Growth Portfolio changed as of 12/10/12 and again 9/23/13. It is following the new World Growth Model (WGM), which uses the same 5 etfs (EEM, EFA, IWM, QQQ, SPY) as the World Growth Index (WGI). The difference between the two is WGM uses timing and WGI is always fully invested and WGI is rebalanced to 20% in each position daily (this accounts for the different returns when WGM is invested and held). Based on the successful back testing strategy, C-lect 5 was added to the portfolio. Returns are of previous years (to last Friday in year), year to date (ytd) (from last Friday in previous year), and from inception (incptn). It also shows standard deviation (SD). The green highlight (2013, 2014) is to highlight the aforementioned changes.

## ETF Rankings by C to previous week's end

<i>Fund Name</i>	<i>Symb ol</i>	<i>Style</i>	<i>C</i>
W tree Middle East Div	GULF	EW	20.81
PS Dynmc Pharma	PJP	EA	13.39
W tree Eur SC Div	DFE	EW	12.31
US Natural Gas	UNG	EA	11.09
PS Dynmc Biotech	PBE	EA	10.51
PS Aerospace & Def	PPA	EA	9.61
Vngrd Health	VHT	EA	8.61
PS DB Agriculture	DBA	EA	8.08
PS Dynmc Healthcare	PTH	EA	7.87
PS NASDAQ Intrnt	PNQI	EA	7.66
Select SPDR Health	XLV	EA	7.61
PS Dynmc Software	PSJ	EA	7.52
PS QQQ	QQQ	ELC	7.15
PS Dynmc Networking	PXQ	EA	7.07
Vngrd Tech	VGT	EA	7.02
PS Dynmc Semicndctr	PSI	EA	6.89
PS Gbl Clean Enrgy	PBD	EW	6.71
iShares DJ US Home Constr.	ITB	EA	6.30
Guggnhm Shipping	SEA	EA	6.05
PS Fincl Pfd	PGF	EGI	5.63
PS Gbl Water	PIO	EW	5.43
PS Dynmc Lrg Cap Grth	PWB	ELC	5.34
PS Dynmc Bldg Cnstrctn	PKB	EA	5.23
iShares Italy Indx	EWI	EW	5.10
Select SPDR Technlgy	XLK	EA	4.92
iShares Prfrd	PFF	EGI	4.88
PS Dynmc Media	PBS	EA	4.80
PS S&P SmICap Hlth Care	PSCH	EA	4.56
Guggnhm RJ All	RYJ	ELC	4.55
PS S&P SmICap Mtrls	PSCM	EA	4.53
Guggnhm Gbl Wtr	CGW	EW	4.49
Select SPDR Indl	XLI	EA	4.44
PS Cleantech	PZD	EA	4.36
PS Dyn Mrkt	PWC	ELC	4.34
PS S&P SmICap Industrls	PSCI	EA	4.12
Vngrd Extnd 4500	VXF	ELC	4.05
PS DWA Dvlpd Mrkt T Ldrs	PIZ	ELC	4.04
Vngrd Grth	VUG	ELC	4.02
SPDR S&P Regional Banking	KRE	EA	3.99
iShares Spain	EW P	EW	3.87
PS DWA Tech Ldr	PDP	ELC	3.87
PS S&P SmICap Info Tech	PSC T	EA	3.85
Market Vectors Semiconductor	SMH	EA	3.68
Vngrd Small Cap Grth	VBK	ESC	3.68
PS Dynmc Utilities	PUI	EA	3.63
PS Water Resources	PHO	EA	3.58
PS Dynmc Basic Matr l	PYZ	EA	3.58
iShares Russell 1000 Grwth Indx	IWF	ELC	3.54
PS Zacks Micro Cap	PZI	ESC	3.52
iShares Germany Indx	EW G	EW	3.51

This page and the next three show the equity ETF database rankings from high to low based on C. C is Comet, which is the risk-adjusted relative performance; the higher the C ranking, the better. Comets, not stars, because comets come into and out of prominence over time. We want the metaphor to match reality.

The first column shows the name. The second column shows the symbol. The third column shows the style; it begins with E for Equity and then the style (A is aggressive, W is world, WR is world regional, SC is small cap, MC is mid cap, LC is large cap, GI is growth/income, V is value). The fourth column shows the C level.

## ETF Rankings by C to previous week's end

Vngrd MidCap Val	VO	EMC	3.46
PS S&P SmlCap Cnsmr Dis	PSCD	EA	3.37
PS Dynmc Fncl	PFI	EA	3.33
PS Glbl Listd Prvt Eqty	PSP	EW	3.21
Guggnhm Solar	TAN	EA	3.20
Vngrd Small Cap Value	VBR	ESC	3.03
Vngrd Small Cap	VB	ESC	3.02
Vngrd Materials	VAW	EA	2.98
iShares REIT	IYR	ERE	2.89
Vngrd Utilities	VPU	EA	2.88
SPDR S&P Homebuilders	XHB	EA	2.74
Vngrd REIT	VNQ	ERE	2.72
Wtree MidCap Earn	EZM	EMC	2.72
SPDR S&P Bank	KBE	EA	2.66
Guggnhm Insdrr Sent	NFO	EMC	2.65
Select SPDR Utilities	XLU	EA	2.64
Select SPDR Matrls	XLB	EA	2.50
PS WilderHill Cln Enrgy	PBW	EA	2.50
PS Gldn Drgn USX China	PGJ	EW	2.48
iShares Russel MidVal	IWS	EMC	2.47
iShares Cohen&Str REIT	ICF	ERE	2.44
SPDR S&P Metals & Mining	XME	EA	2.41
SPDR Wlsh REIT	RWR	ERE	2.30
Wtree S&P 500	EPS	ELC	2.23
Wtree Intrntl SC Div	DLS	EW	2.20
iShares Russell 2000	IWM	ESC	2.16
Vngrd Cnsmr Dis	VCR	EA	2.16
Select SPDR Cnsmr Disc	XLY	EA	2.14
PS WilderHill Prgsv Enrgy	PUW	EA	2.13
iShares Core S&P Mid Cap	IJH	EMC	2.08
Vngrd TTL Stock	VTI	ELC	2.07
PS Dynmc Technology	PTF	EA	2.00
SPDR Mid Cap Trust	MDY	EMC	2.00
Select SPDR Financls	XLF	EA	1.91
Guggnhm Spin Off	CSD	EMC	1.86
Alerian MLP	AMLP	EGI	1.81
Vngrd Large Cap	VV	ELC	1.77
PS Dynmc Leisure & Enter	PEJ	EA	1.76
Wtree Ttl Earn	EXT	ELC	1.76
PS Buyback Achievers	PKW	EGI	1.73
PS FTSE RAFI US 1500 Sml-Mid	PRFZ	EMC	1.71
iShares Core S&P 500	IVV	ELC	1.64
SPDR S&P 500	SPY	ELC	1.61
PS US REIT	PSR	ERE	1.60
PS S&P 500 BuyWrite	PBP	ELC	1.57
Vngrd European Indx	VGK	EW	1.50
iShares EMU Indx	EZU	EW	1.48
SPDR DJ Industrials	DIA	ELC	1.38
iShares Europe 350	IEV	EW	1.31
Vngrd Fincl Srv	VFH	EA	1.28
PS BLDR Europe 100 ADR	ADRU	EW	1.27



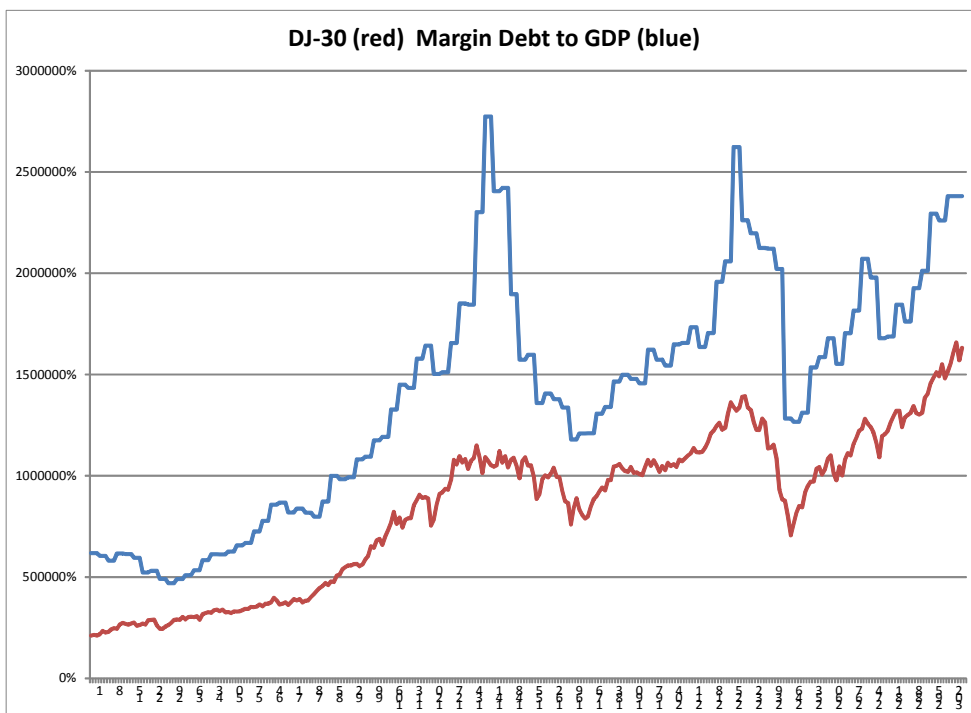
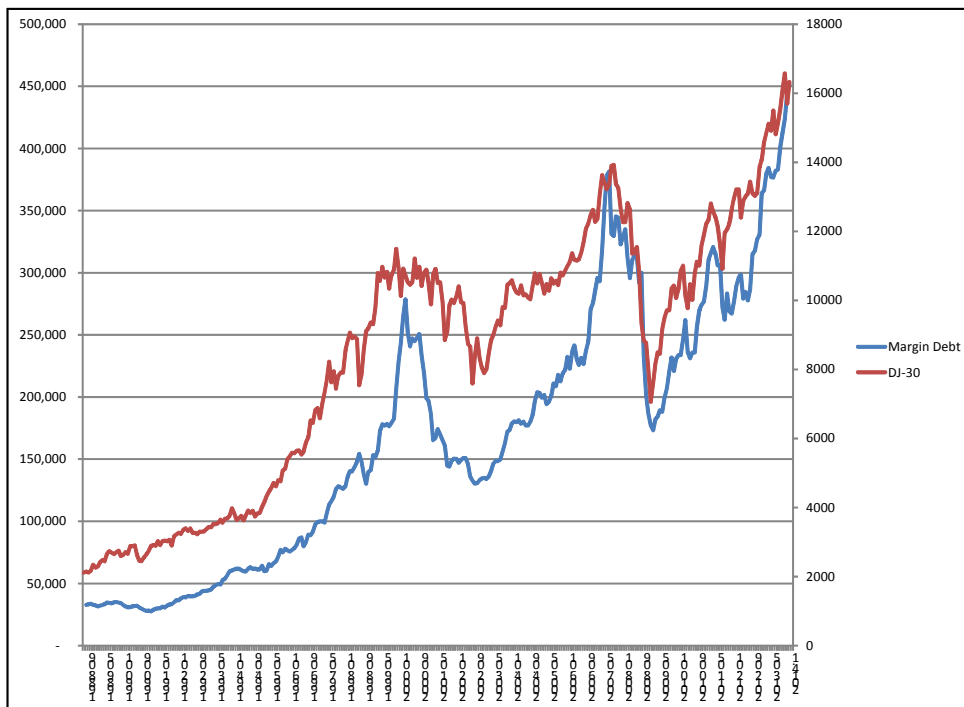
## ETF Rankings by C to previous week's end

PS Dyn MagniQuant	PIQ	ELC	1.25
iShares Russell 2000 Value Indx	IWN	ESC	1.19
PS DB Oil	DBO	EA	1.16
iShares S&P 100 Indx	OEF	ELC	1.14
Wtree Intrntl Div Ex Fincl	DOO	EW	1.11
PS Dynmc Lrg Cap Value	PWV	ELC	1.07
Wtree MidCap Div	DON	EMC	1.07
PS S&P SmICap Utilities	PSCU	EA	1.05
Guggnhm Timber	CUT	EA	0.84
Wtree Intrntl MC Div	DIM	EW	0.83
Guggnhm China Sml	HAO	EWR	0.74
iShares Russell 1000 Value Indx	IWD	ELC	0.74
SPDR Euro Stoxx 50	FEZ	EW	0.61
Wtree Sml Cap Div	DES	ESC	0.57
Guggnhm MidCap Core	CZA	EMC	0.55
PS S&P SmICap Fincl	PSCF	EA	0.45
iShares Telecomm	IYZ	EA	0.40
Guggnhm Intrntl A Incm	HGI	EW	0.39
PS DB Energy	DBE	EA	0.38
Wtree Japan Hedge Eqty	DXJ	EC	0.34
PS Dynmc Energy Explor	PXE	EA	0.30
Wtree DEFA Eqty Incm	DTH	EW	0.24
PS Hi Yld Eqty Div	PEY	EGI	0.21
PS BLDR Dvlpd Mrkt 100 ADR	ADRD	EW	0.15
Wtree DEFA	DWM	EW	-0.02
iShares DJ Slct Div	DVY	EGI	-0.03
PS Dynmc Energy	PXI	EA	-0.04
US Oil Fund	USO	EA	-0.04
PS FTSE RAFI Dvlp Mrkt xUSA	PXF	EW	-0.05
Guggnhm Multi Ast In	CVY	EV	-0.08
Wtree Div Ex Fincl	DTN	ELC	-0.10
Wtree LrgCap Div	DLN	ELC	-0.11
PS DB Commodity	DBC	EA	-0.11
iShares Slct Div	IDV	ELC	-0.12
PS Dynmc Consmr Discr	PEZ	EA	-0.15
SPDR DJ Gbl Titans	DGT	EW	-0.23
Vngrd Div Apprctn	VIG	EGI	-0.27
PS Dynmc Consmr Staples	PSL	EA	-0.29
Wtree India	EPI	EWR	-0.29
Select SPDR Div	SDY	EGI	-0.35
Wtree Intrntl LC Div	DOL	EW	-0.39
iShares EAFE Indx	EFA	EW	-0.42
iShares Gold	IAU	EG	-0.42
PS S&P 500 Low Volatility Portfolio	SPLV	ELC	-0.44
PS Intrntl Dvdnd	PID	EW	-0.45
Wtree Eqty Income	DHS	EGI	-0.48
SPDR Gold	GLD	EG	-0.48
PS Dynmc Food & Bev	PBJ	EA	-0.52
PS Dividend Achievers	PFM	EGI	-0.53

## ETF Rankings by C to previous week's end

PS FTSE RAFI Dvlp Mrkt xUSA Sm I	PDN	EW	-0.56
Vngrd Europe Pacific	VEA	EW	-0.57
Guggnhm Dfnsv Eqty	DEF	EV	-0.61
Vngrd Consmr Stpls	VDC	EA	-0.64
Select SPDR Cnsmr Stpl	XLP	EA	-0.66
iShares Canada	EW C	EW	-0.76
PS DB Gold	DGL	EG	-0.77
PS Gbl Agriculture	PAGG	EA	-0.78
SPDR S&P Retail	XRT	EA	-0.80
Vngrd TTL Intrntl Stk	VXUS	EW	-0.87
Select SPDR Enrgy	XLE	EA	-0.89
PS S&P SmICap Cnsmr Stpl	PSCC	EA	-0.98
Guggnhm Gbl Div	LVL	EW	-1.03
W tree Intrntl Utilities	DBU	EW	-1.05
Pro Shares Short S&P 500	SH	EC	-1.11
PS India	PIN	EW	-1.13
Guggnhm Candn Enrg Incm	ENY	EW R	-1.18
W tree Gbl Eqty Incm	DEW	EW	-1.19
PS S&P SmICap Energy	PSCE	EA	-1.22
W tree Japan SC Div	DFJ	EW R	-1.31
iShares Taiwan Indx	EW T	EW	-1.40
PS DB Base Metals	DBB	EG	-1.44
PS DB Precious Metals	DBP	EG	-1.50
W tree World Ex US Grth	DNL	EW	-1.57
iShares Japan	EW J	EW	-1.76
iShares Hong Kong Indx	EW H	EW	-1.82
Guggnhm China All	YAO	EW R	-1.84
SPDR S&P Oil & Gas Expl. & Prod.	XOP	EA	-1.89
Market Vectors Oil Services	OIH	EA	-1.94
iShares Mexico	EW W	EW	-2.01
iShares Pacific ex Jpn	EPP	EW	-2.08
PS Dynmc Oil & Gas Srvcs	PXJ	EA	-2.18
iShares Malaysia Indx	EW M	EW	-2.45
iShares Australia	EW A	EW	-2.54
PS Emrg Mrkt Infrastrctr	PXR	EW	-2.59
PS BLDR Asia 50 ADR	ADRA	EW	-2.63
Pro Shares Short Russell 2000	RWM	ESC	-2.65
W tree Intrntl REIT	DRW	ERE	-2.70
iShares Singapore	EW S	EW	-2.74
PS FTSE RAFI Asia Pac xJpn	PAF	EW	-2.85
PS Gbl Gold Precious Mtls	PSAU	EG	-3.06
iShares South Korea Indx	EW Y	EW	-3.16
Vngrd Emrg Mrkt	VWO	EW	-3.19
Guggnhm Frntr	FRN	EW	-3.20
W tree Emrg Mrkt SC Div	DGS	EW	-3.21
PS Dynmc Retail	PMR	EA	-3.24
iShares Emrg Mrkt Stk	EEM	EW	-3.34
PS BLDR Emrg Mkt 50 ADR	ADRE	EW	-3.59
PS FTSE RAFI Emrg Mrkt	PXH	EW	-3.66
W tree Emrg Mrkt Eincm	DEM	EW	-4.11
PS DWA Emrg Mrkt T Ldrs	PIE	EW	-4.13
iShares Silver	SLV	EG	-4.18
Guggnhm BRIC	EEB	EW	-4.49
iShares China	FXI	EW	-4.64
Guggnhm China REIT	TAO	EW R	-4.85
PS DB Silver	DBS	EG	-5.10
Market Vectors Russia	RSX	EW	-5.20
Market Vectors Gold Minors	GDX	EG	-5.52
iShares Latin Amr	ILF	EW	-5.96
iShares Brazil Indx	EW Z	EW	-9.33
Market Vectors Junior Gold Miners	GDXJ	EG	-15.26

# Margin Debt alone and as Percentage of GDP



The top chart shows margin debt and the Dow Jones Industrials. The bottom chart shows margin debt as a percentage of GDP and the DJI.

Either way you measure it, margin debt denotes a very bullish attitude. In a sell off, one either has to post more cash or sell in order to maintain the margin level.

## Overflow from Page 1, Definitions, and Newsletter Updates

(Continued from page 1) **REVIEW**

hitting new highs.

We simply don't know which will happen. We do know the market remains overvalue, overbought, and overextended. See also the charts on page eleven about margin debt. These things are still bearish.

But we also know the trend remains up. This is bullish. So, rather than second guess the outcome to the situation, we'll let the World Growth timing model signal any changes for us. Right now it remains bullish.

This is an advantage of back testing a strategy by the way. There's some assurance that the daily squiggles and squirms are

dealt with, rather than guessed about. In other words, divergences have been seen and solved for before sometimes to the upside and other times to the downside.

In the meantime, see the portfolios for more information.

Just to clarify a couple of terms that I use regularly.

Short-term is days to weeks.

Intermediate-term is weeks to months.

Long-term is months to years.

Cyclical is 1-5 years.

Secular is 5 years to decades.

Bull market is a series of higher highs and higher lows.

Bear market is a series of lower lows and lower highs.

Neutral market is sideways without a discernible pattern.

Oddly, bull and bear markets may occur simultaneously, but only over different time periods. For example, we may be in a secular bear market, but there are cyclical bull and bear markets within that.

Closing stops are "mental". I look at the position at quarter to the close. If it is trading below the stop (or above if short), then I act with the assumption the security will trigger that closing stop on that day. I sell (or cover) at the close that day.

Portfolio stops for the World Growth Model are internally maintained; they are based on the World Growth Index, not the individual ETFs. Stops will be emailed when close or if triggered.

3/10 The "window to buy" chart is updates. See also the new charts on page 11.

3/3 No changes.

2/24 Couple of database changes. Deleted PXN that suspended trading. Deleted another that changed symbols, but was not very liquid. Deleted VXX too volatile (doesn't trend well).

2/18 Still working on the World Income Model.

2/10 No changes.

2/3 Made an ETF database change. Deleted a low volume ETF and added a larger volume ETF.

1/27 Work continues on that combined timing model (trends and contraries). See comment/letter 12/2.

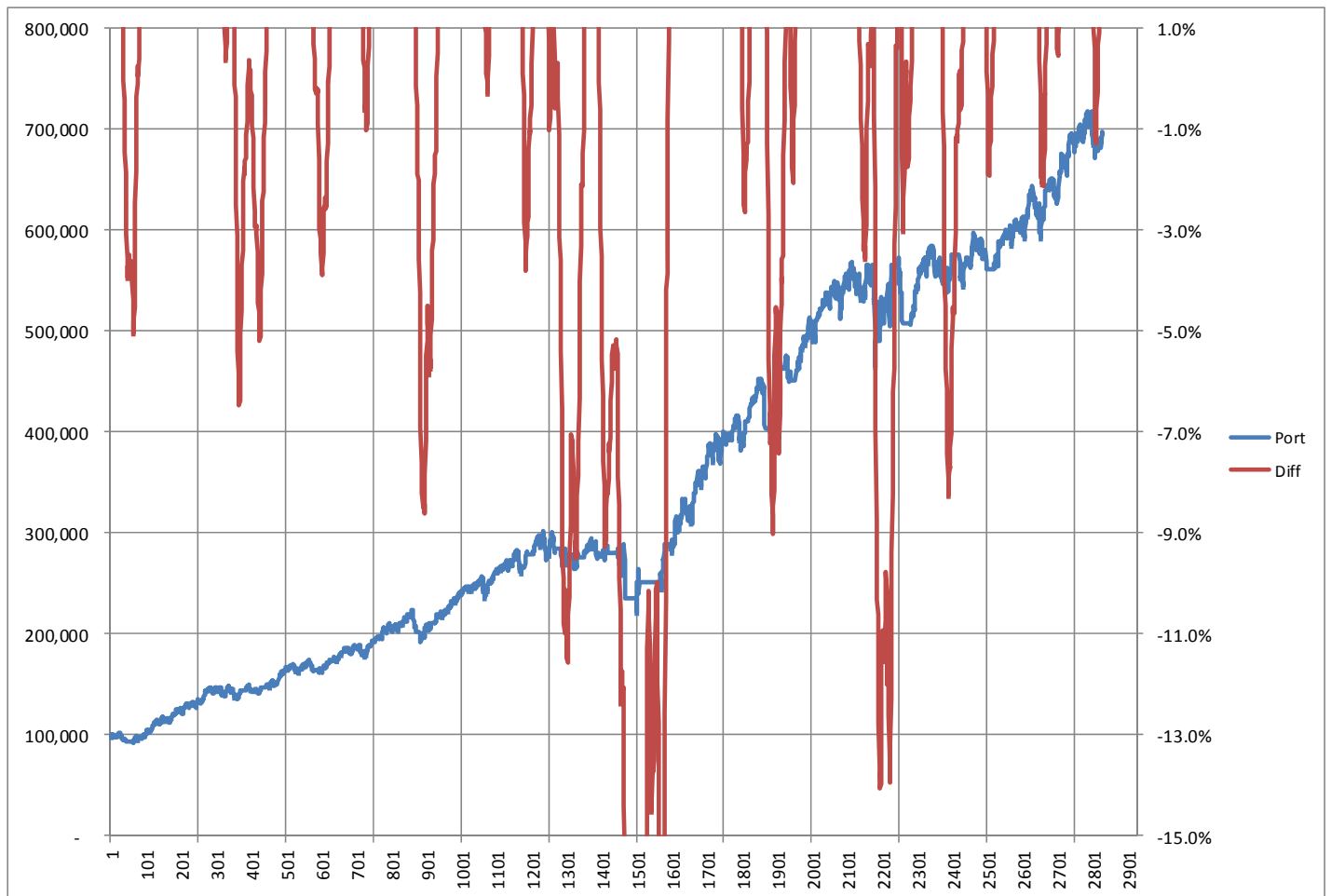
1/21 No changes.

1/13 No updates.

1/6 No changes.

12/30 Happy New Year.

## Window to Buy (closed)



The chart above shows the World Growth Model (WGM-blue line) and the Window to buy (Window-red spikes). The chart covers the period from 12/5/2002 through the present. The vertical lines mark off about 1 year increments.

The Window to Buy is to answer the question if I missed the initial timing model buy signal, then when do I either buy my initial position or increase my position with additional money?

Being risk-averse, I wanted a way to answer this sensibly, which is try to buy on measured corrections, rather than chase the market higher and higher. The Window to Buy is the answer. The caveat is that in a strong, early bull market, this approach may miss the early gains, unless you are already following the World Growth Model strategy. But the rest of the time, the Window is a solid approach to managing portfolio risk.

The base line for the Window is 0%. When the WGM is above that level, the window is closed. It doesn't mean the market can't or won't go higher. It just means that the downside risk to the potential stop or sell signal is too large. When the WGM drops enough, then the window to buy opens.

When the Window opens, it represents a lower-risk entry period. If the market recovers to new highs, the window will close again. If the market continues lower, either the sell stop will be triggered or the timing model will signal a sell. The timing model sell signal overrides the Window to Buy.

What normally happens in up markets is the timing model remains on a buy, while the market corrects and opens the Window to Buy. It then reverses and heads higher with more investment dollars on board for the rally.

# Descriptions & Disclosures

## PORTFOLIO DESCRIPTIONS (pages 2 and 6)

Our guiding goal is to provide the most return with the least risk consistently through bull and bear markets.

**Income Portfolio, page 2:** Uses a proprietary selection methodology on all of the monitored bond-oriented ETFs to pick the top ETFs. I then use a proprietary timing model to decide whether to buy, sell, hold, or avoid. From time to time, timing considerations may take precedence over selections; in other words, we may own lower ranked funds because of anticipated timing changes.

**Growth Portfolio, page 6:** As of 12/10/12, it is based on the World Growth Index (WGI), which is made up of a static fully invested 20% in each of five ETFs (EEM, EFA, IWM, QQQ, SPY). The Portfolio will buy and sell the WGI based on proprietary timing signals. On 9/23/13, the new C-lect 5 is also part of this portfolio. It too uses timing.

Both portfolios were started on 1/1/10 with \$100,000. As mentioned, the Growth Portfolio strategy was changed on 12/10/12 to the World Growth Model and again on 9/23/13 to incorporate the C-lect 5 model.

Portfolio changes will usually be made at the close on Monday, unless otherwise noted in any emailed hotline update or triggered stop orders. Issues are normally posted on Mondays by 1:35pm cst (Tuesday if Monday is a holiday, defined as market closed).

Portfolios are updated through the Friday close the week before.

Dividends are reinvested in additional shares.

Commissions of \$10 per trade are applied. Interest is currently zero for the money market (cash) position.

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Unless otherwise noted, the weekly eNewsletter is posted by 1:35 PM central time each Monday, except for holidays (closed stock market) and then on Tuesday. It may contain actionable, specific buy or sell advice to take that day at the Monday (or Tuesday) close in each portfolio. We may also use stop orders. For stops, check the ETF at quarter to the close. If it is below (or above) a stop level, assume it will close there and act on that. Portfolio data will be updated through the previous Friday's close. Fund symbols, rather than names, are the official identification used for activity.

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